



THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:	)	Attorney Docket No. 101
Burkhalter, Swinton B.	)	
	)	
Application No.:	)	09/775,336
	)	
Filed:	)	February 1, 2001
	)	
For:	)	INSURANCE SYSTEM AND
	)	METHOD WITH
	)	DISPROPORTIONAL
	)	ALLOCATION
	)	
Examiner:	)	Cobanoglu, Dilek B.
	)	
Art Unit:	)	3626
	)	
Confirmation No.:	)	9210

REMARKS

Claims Status

Claims 1-16 are in the application.

First Rejection

Claims 1, 3-16 are rejected under section 103 as being unpatentable over Libman (5,987,434) (“Libman”) in view of Gamble et al. (6,163,770) (“Gamble”). This rejection is respectfully traversed.

Libman Reference

Libman discloses an apparatus and method for automatically selecting and presenting financial and insurance products to a large number of prospective clients. The Libman apparatus and method are for use by mass marketers of insurance and financial products, such as life insurance and mortgages. Libman’s invention is to be labor saving (no need initially for a live insurance agent to make contact with a prospective client) and easier for the prospective client to

choose a product to purchase. The Libman invention also enhances statistically the likelihood of increased sales because a very large number of people may be targeted with advertising. The system is highly automated, able to process large volumes of prospective clients efficiently, and is relatively cost effective for the mass marketer.

The system disclosed in Libman includes inputting client information to a computer which also has inputted standard insurance and financial products. The computer is also programmed with criteria to select among the standard products, and introduce a subset of those standard products to the prospective client thought by the mass marketer to be the most appropriate for that client based upon that client's personal data. The output (the selected standard products) is then communicated to the prospective client. (See Abstract and the specification from col. 3, line 32 to col. 4, line 53.)

There is nothing in the Libman disclosure that teaches or suggests the concepts of changing the products, or of "disproportional allocation" among "related products" so as to favor one owner of the related products over another owner. The Libman system assumes a single owner of insurance. (See the Abstract and the specification at col. 4, lines 8-9.) Also, there is nothing disclosed in Libman about a tentative or brand new insurance product at the beginning of his process nor of the formation of new products during the practice of his sales process. Libman is concerned only with presenting available standard products which remain fixed and unchanged during the operation of his process. (See col. 4, line 5.) The only unknown in the Libman process is the number of products that a particular client will buy. The products themselves do not change during the mass marketing effort disclosed; or, stated in another way, there is no manipulation or any insurance product as there is in the application.

Limitations Not Disclosed By Libman

In more particularity, there is nothing taught in the Libman process of "forming in a data processing apparatus at least two separate but related insurance policies from said life insurance product and said long term care product". (See claim 1.) As mentioned above, Libman does not alter or "form" any life insurance or long term care products which may have been chosen by the software to be among those products offered to prospective clients. Libman offers standard products but he does not form products and especially he does not form "separate but related" policies as that term is defined by applicants.

Libman does not teach "disproportionately allocating expenses, benefits and obligations regarding said policies among said at least two separate but related policies. . ." (See claim 1.) The benefits and obligations of the products used in the Libman process remain fixed. The only thing that may change is a volume discount determined as a function of the amount of products purchased by the prospective client.

There is nothing in Libman that teaches "comparing said at least two separate but related policies with said regulatory requirements." (See claim 1.) Libman has no need to be concerned about regulatory requirements because he is concerned with standard products that have already been qualified; there is no teaching to alter any of the products which are chosen by the software so there is no need to require regulatory qualification because each of those products remains fixed.

Finally, Libman does not teach "determining ownership, beneficiary and premium obligators of said at least two separate but related policies." (See claim 1.) Libman is selling product to the same prospective client. There is no teaching of favoring one owner over another in order to achieve a "perk" for a favored executive/employee. Libman is a straight selling process without any teaching of a manipulation of the products being offered.

Independent claim 11 has similar limitations to claim 1 which are not disclosed in Libman.

Independent claim 14 includes the limitation that the "data processing apparatus" has "regulatory requirements". As noted, the Libman patent has no teaching of regulatory requirements because the insurance products he is offering to prospective clients have already been approved and are not to be altered in the apparatus and process which he discloses. Thus, there is no need for regulations that define product.

The Libman apparatus does not have "inputted instructions allocating premium obligations, expenses and benefits in a disproportional manner between at least one life insurance contract and at least one long term care insurance contract." Once again as mentioned above, Libman does not manipulate any of his products during his mass marketing effort. Furthermore, there is nothing in Libman to suggest different owners, split obligations and benefits, or favoring one owner over another owner. Claims 15 and 16 include additional limitations which are not taught by Libman.

#### Gamble Reference

Gamble discloses a computer apparatus and method in which two or more "concurrent" coverages are offered to the same person. Gamble defines "concurrent" to mean that claims against an insurance company under one coverage inherently means a reduction in claims against the insurance company under the other, or concurrent coverage. This results in the insurance company obtaining certain savings which may be used to reduce total premiums charged on the two concurrent coverages to the insured, while at the same time increasing the overall amount of profit made by the insurance company. For example, if one of the coverages is for life insurance and the second coverage is for health insurance where the health insurance pays for wellness services, such as physical exams and manograms, statistics show that the covered individual will

be healthier and will live longer in this healthier state. The results are more profitable claims experience under both the life insurance coverage and the health coverage. First, the individual insured will die at an older age delaying the payment of death benefits, and the insured will pay premiums for a longer time. Second, the same individual will be healthier and thus make fewer claims under his health care coverage and will also pay premiums for the health coverage for a longer period of time. The savings in claims expenses and the extra income received by the insurance company are expected to be sufficient to fund the cost of the wellness service, reduce overall premiums to the insured and increase overall profits of the insurance company.

Gamble discloses that actuarial assumptions made for individual policies sold alone change when such policies are overlapping or concurrent and are sold to the same insured at the same time. Gamble believes there will be an improved actuarial experience observed by the insurance company and that there will also be extra income realized by the insurance company so that the sale of "concurrent" or overlapping coverages offer an insurance company cost savings as well as enhanced income. (See, for example, specification, col. 7, lines 54-67.)

Like Libman, Gamble deals with only existing fixed policies which are not manipulated during his process. The fixed policies have the advantage when brought together and when overlapping, to achieve actuarial savings and enhance income. There is no restructuring of the overlapping policies nor is there any effort to load one policy at the expense of another so that one owner is benefitted at the expense of another owner. The Gamble system deals only with one insured, fixed policies and one owner who may get discounts when he buys "concurrent" policies.

#### Limitations Not Disclosed By Gamble

Referring to claim 1, there is no teaching in Gamble to form "at least two separate but related insurance policies from said life insurance product and said long term care product."

Like Libman, Gamble uses existing insurance policies and does not teach or suggest altering the policies themselves. Gamble teaches away from any manipulation of existing policies because to do so would destroy the actuarial assumptions forming the basis of Gamble's invention.

Gamble does not "disproportionately allocate expenses, benefits and obligations regarding said policies among at least two separate but related policies. . . ." The only changes made by the Gamble system is a recalculation of the actuarial assumptions of concurrent policies so that the overall premium may be lowered and the enhanced profit determined.

Gamble does not compare "at least two separate but related policies with said regulatory requirements." Since the Gamble system does not alter the underlying concurrent policies, there is, of course, no need to make a determination whether definitional regulatory requirements are still being met. Because the applicants form new policies, they must be tested against government regulations.

Finally, Gamble does not determine "ownership, beneficiary and premium obligators of said at least two separate but related policies" because the owner of the concurrent policies is the customer and there is no second premium payer to be favored or disfavored.

In summary, neither Libman nor Gamble include all of the limitations found in applicants' independent claims so that even if combined, there is no teaching of applicants' invention.

#### Responses To Reference Citations

With due respect, it is noted that several statements in the Office Action are believed not to be supported by the cited references.

In paragraph 3A v, it is stated that the limitation of claim 1, "collecting regulatory requirements," is met by Libman at col. 12, lines 34-37. By regulatory requirements, applicants explain in the application, for example, that these are set forth by the Internal Revenue Codes

and various state codes and statutes, such as Section 7702 of the Internal Revenue Code. There is a long explanation in paragraphs 0022 and 0023 regarding contracts which may be qualified as "life insurance" policies. It is noted that contracts not meeting Section 7702 cannot be considered life insurance contracts. The reference in Libman, by comparison, relates to "legal issues, all local, state and federal laws regarding insurance sales, for example, and additional constraints imposed by product providers." (Emphasis added.) The regulations defined by applicants relate to rules to prevent illegal conduct, such as loan agreements at prohibitive interest rates, from being called insurance contracts. Libman refers to consumer fraud issues and business issues decided by insurance providers, such as no life insurance is to be sold to habitual sky divers. The difference relates to applicants' invention which manipulates or reconfigures insurance contracts which may no longer qualify as "life insurance" and rules about high pressure sales techniques or the sale of life insurance to very high risk clients. As noted earlier, Libman does not reformulate or manipulate insurance policies; Libman just tries to sell standard policies in a more efficient manner.

In paragraph 3A xi, reference is made to Libman at col. 9, lines 43-63 as meeting the limitation of "forming in a data processing apparatus at least two separate but related insurance policies". In applicants' system new policies are formed, tested and may be reformed if regulatory requirements are not met. This process may be repeated a number of times. In Libman, the process selects "the plan or plans and the financial product or products which best meet a specific set of decision criteria. . . (and) applying decision criteria to select from among those plans and products the ones most suitable for the client based on the decision making criteria". Libman does not teach or suggest policy formations and policy reformations; instead Libman teaches policy selections from among existing fixed contracts.

In paragraph 3A xiii, Libman is cited (col. 12, lines 34-37), as meeting the limitation of "comparing said at least two separate but related policies with said regulatory requirements."

Libman does not teach or suggest comparing newly formulated policies with regulatory requirements. Libman merely teaches that sales techniques must be legal and that client criteria must be met.

Finally, in paragraph 3A xiv, Libman is referenced, col. 16, lines 24-33 and col. 7, lines 34-42, to meet the claim limitation "determining ownership, beneficiary and premium obligors of said at least two separate but related policies." In Libman col. 16, Libman discusses the need a client may have for mortgage life insurance or individual life insurance. The personal data may show that the client just bought a house or he just became a father. There is no teaching regarding the division of ownership, the division of benefits or the division of obligors between two or more entities. At col. 7, Libman teaches the concept of inputting client information such that it can be determined from a sales perspective what kind of insurance that prospective client is likely to need. The focus throughout Libman is on a single individual who, depending on age and life status, will likely need certain types of insurance. For example, a new homeowner will need homeowner's insurance. A new father may need life insurance. Someone in later middle age might want enhanced medical coverage and someone who is retiring is likely to be interested in long term care insurance. These are all sales issues which are unrelated to the system disclosed by applicants.

### Conclusions

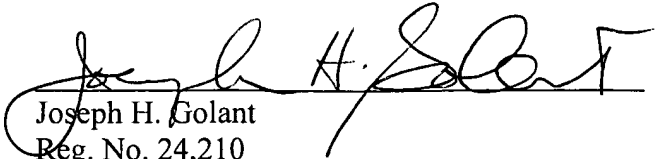
It is contended that if independent claims 1, 11 and 14 are allowable, the dependent claims are also allowable.

In view of the foregoing comments and specified claim limitations, the Examiner is respectfully requested to reconsider the rejections and indicate allowance.



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Respectfully submitted,



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